



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

FmHA AM No. 1140 (1951)

February 4, 1985

■ SUBJECT: Farm Credit Initiative Program

TO: All State Directors, District Directors  
and County Supervisors, FmHA

This Administrative Notice (AN) is to provide guidance to field offices on the preparation and submission of documents prepared in conjunction with the debt set-aside portion of the President's Farm Credit Initiative Program.

Form FmHA 1951-4, Change in Rates and Terms.

o Prepare Form FmHA 1951-4 in accordance with the forms manual insert (FMI) for consolidating, rescheduling, or reamortizing regardless of whether or not the loan(s) are on debt set-aside.

o Even though the installment schedule on Form FmHA 1951-4 will not reflect the amount of debt set-aside reduction, THE INSTALLMENTS SHOWN ON THE PROMISSORY NOTE (FORM FmHA 1940-17) must reflect the amount of debt set-aside reduction.

o If the loans being consolidated will be at a limited resource rate, put a RED "LR" on the top of the Form FmHA 1951-4.

o The Finance Office will begin to process Form FmHA 1951-4 immediately upon receipt; however, based on the large volume anticipated, we expect to need 5-6 months to complete processing.

Form FmHA 1951-6, Borrower Account Description Flag.

o Prepare one Form FmHA 1951-6 for each borrower who will have part of his/her loan indebtedness set aside. DO NOT PREPARE A FORM FOR EACH LOAN.

o Fully complete the form:

1. Show the total amount of principal to be set aside (Block 9).
2. The effective date must be the same date as the effective date of consolidation, rescheduling, or reamortization - Form FmHA 1951-4, Change in Rates and Terms (Block 9).
3. The set-aside expiration date must exceed the set-aside effective date by exactly 5 years (Block 9 -- i.e., December 12, 1984, effective date, December 12, 1989, expiration date).

EXPIRATION DATE: September 30, 1985

FILING INSTRUCTIONS: Preceding  
FmHA Instruction 1951-A



Farmers Home Administration is an Equal Opportunity Lender.  
Complaints of discrimination should be sent to:  
Secretary of Agriculture, Washington, D.C. 20250

o Upon receipt of Form FmHA 1951-6, the Finance Office will flag the borrower's account. Once this flag has been established, the computer system will hold in suspense all transactions effective after the effective date of the debt set-aside until the Form FmHA 1951-14, Debt Set-Aside, and Form FmHA 1951-14A, Full Debt Set-Aside Installment Information, have been processed by the Finance Office.

o The Finance Office expects to have the capability to process Form FmHA 1951-6 in January 1985.

o Attached is a copy of Form FmHA 1951-6 which can be reproduced as necessary until a supply is received.

Form FmHA 1951-14, Debt Set-Aside.

o This form will be prepared in accordance with the FMI for each borrower receiving a debt set-aside.

Please note that only one loan will be permitted to be partially set aside. This form will also be used to furnish installment information for the loan partially set aside.

o This form will be retained by the Finance Office until the capability to process the debt set-aside transaction is completed in April 1985. Upon processing the set-aside transaction, all transactions held in suspense will be processed to the borrower's account.

o At the expiration/termination of the set-aside, the system will automatically consolidate the set-aside portion with the applicable loan and increase the annual installments accordingly. No further action will be required by county offices.

o Attached is a copy of Form FmHA 1951-14 which can be reproduced as necessary until a supply is received.

Form FmHA 1951-14A, Full Debt Set-Aside Installment Information.

o This form will be completed in accordance with the FMI to provide installment information for those loan(s) fully set aside.

o Attached is a copy of Form FmHA 1951-14A which can be reproduced as necessary until a supply is received.

Submission of Documents to the Finance Office.

To expedite processing and facilitate control, all documents prepared in conjunction with the debt set-aside review--Forms FmHA 1951-4 for nondebt set-aside borrowers and Forms FmHA 1951-6, 1951-4, 1951-14, and/or 1951-14A for debt set-aside borrowers--should be mailed together in a separate envelope addressed as follows: (Staple documents for each borrower together.)

United States Department of Agriculture  
Farmers Home Administration  
1520 Market Street  
St. Louis, MO 63103

OPEN BY ADDRESSEE ONLY - ATTN: FC-340

Above the return address on the envelope, please record in REP "DEBT SET-ASIDE (State Code)."

GENERAL INFORMATION.

Program Cost Items. Program cost items associated with operating loans are established as separate loans. They are assigned numbers starting at 98, descending to 70. While these cost items are considered in the borrower's overall indebtedness, it is important to note that these cost items cannot be reamortized, rescheduled, or consolidated nor can they be set aside.

Inquiry Station. The county office can obtain unpaid balances from the Inquiry Station for a borrower's loan after Form FmHA 1951-6 has been processed and before the new debt set-aside form is processed. The Inquiry Station will record the request as a problem case. They will research the account, manually compute account balances, and advise the County Office accordingly.

Delinquency Reporting. In January 1985, the Finance Office will have the systems capability of processing the Form FmHA 1951-6 to flag the account for special debt set-aside. By flagging the account (a) transactions dated subsequent to the effective date of the Form FmHA 1951-6 are suspended until the debt set-aside transaction is developed and processed and (b) the account will not be reported as delinquent. Form FmHA 389-375, Active Borrowers Delinquent (Report Code 616), and Form FmHA 389-184, Status Report of Farm Real Estate Accounts (Report Code 541), will not include these borrowers as delinquent once the Form FmHA 1951-6 processes. After the debt set-aside transaction is processed, the borrower's status on loans will be reported as normal.

Form FmHA 450-10, Advice of Borrower's Change of Address or Name. If the debt set-aside transaction has not been processed by the Finance Office when you are submitting this form, special handling is required. Please submit Form FmHA 450-10 as previously instructed for the submission of the other debt set-aside related forms. In addition, write "DEBT SET-ASIDE" across the top of Form FmHA 450-10 in RED. This will assure proper handling by the Finance Office.

*Dwight O. Calhoun*

DWIGHT O. CALHOUN  
Associate Administrator

3 Attachments

NOTE: A new Form FmHA 1965-22, Information on Assumption and/or Change of Terms, is currently being developed to replace Form FmHA 1951-4 and Form FmHA 1960-6, Assumption Agreement. Once this form is issued its immediate use will be required since it will expedite the processing of reamortizations, reschedulings, and consolidations by the Finance Office.

1140(1951)

FORM FmHA 1951-6

## BORROWER ACCOUNT DESCRIPTION FLAG

1. TRANS CODE	2. BORROWER NAME
<input type="checkbox"/> 5G <input type="checkbox"/> 5H	Last First

3. CASE NUMBERS

STATE	COUNTY	BORROWER ID

4. DESCRIPTIVE CODE MONTH YEAR

<input type="checkbox"/> 1. COURT ACTION PENDING (CAP)		
<input type="checkbox"/> 2. FORECLOSURE ACTION PENDING (FAP)		
<input type="checkbox"/> 3. THIRD PARTY JUDGMENT (Finance Use Only)		
<input type="checkbox"/> 4. SUBJECT TO APPROVED ADJUSTMENT (Finance Use Only)		
<input type="checkbox"/> 5. BANKRUPTCY ACTION PENDING (BAP)		
<input type="checkbox"/> 6. TRANSFER PENDING (FINANCE USE ONLY)		

<input type="checkbox"/> 7. MORATORIUM (SINGLE FAMILY HOUSING ONLY)	<input type="checkbox"/> INITIAL <input type="checkbox"/> RENEWAL NO.	EFFECTIVE DATE Month Year
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<input type="checkbox"/> 8. DEFERRAL	DEFERRAL EFFECTIVE DATE	DEFERRAL EXPIRATION DATE

FARMER  
PROGRAMS ONLY

DEFERRAL CANCELLATION DATE

<input type="checkbox"/> 9. SPECIAL DEBT SET-ASIDE	SET-ASIDE EFFECTIVE DATE	SET-ASIDE EXPIRATION DATE

FARMER  
PROGRAMS ONLY

AMOUNT OF SET-ASIDE	SET-ASIDE CANCELLATION DATE

REMARKS

APPROVING OFFICIAL SIGNATURE

DATE



# FORMS MANUAL INSERT

FORM FmHA 1951-14

BUDA FORM FD-144A (1-1-79) 1-51										<b>DEBT SET - ASIDE</b>																													
BORROWER NAME 1																				ST.					CO.					BORROWER ID									
(2)																																							
<b>DEBT SET-ASIDE</b>																																							
EFFECTIVE DATE															TOTAL SET-ASIDE AMOUNT																								
(3)															(4)																								
<b>LOANS FULLY SET-ASIDE</b>																																							
FLN CODE					LOAN NO.					AMOUNT SET-ASIDE										FUND CODE					LOAN NO.					AMOUNT SET-ASIDE									
(5)					(6)					(7)																													
<b>LOAN PARTIALLY SET-ASIDE</b>																																							
FLN CODE					LOAN NO.					AMOUNT SET-ASIDE																													
(8)					(6)					(7)																													
<b>INSTALLMENT SCHEDULE DURING DEBT SET-ASIDE PERIOD</b>																																							
INSTALLMENT					DATE					TYPE					INSTALLMENT					DATE					TYPE														
(9)					01-01-															01-01-																			
<b>INSTALLMENT SCHEDULE AFTER DEBT SET-ASIDE PERIOD</b>																																							
INSTALLMENT					DATE					TYPE					INSTALLMENT					DATE					TYPE														
(10)					01-01-															01-01-																			
AND															HEREAFTER ON JANUARY 1ST OF EACH YEAR UNTIL THE PRINCIPAL AND INTEREST ARE FULLY PAID.																								
(0)																																							
(1) FINAL YEAR OF LOAN															(12) TOTAL NUMBER OF INSTALLMENT																								
NOTE: USE FORM FDMA 151-14A TO COMPLETE FULL DEBT SET-ASIDE INSTALLMENT INFORMATION.																																							
DATE 13															COUNTY SUPERVISOR (14)																								

**PROCEDURE FOR PREPARATION** : FmHA Instructions 1951-A, 1951-G, 1955-A, and 1962-A.

PREPARED BY : County Supervisor, District Director, or State Director (or designee).

NUMBER OF COPIES : Original and one copy.

**SIGNATURES REQUIRED** : FmHA employee authorized to take the specific servicing action (County Supervisor, District Director, or State Director (or designee)).

**DISTRIBUTION OF COPIES** : Original to Finance Office, copy retained by initiating office.

1140(1951)

# INSTRUCTIONS FOR PREPARATION

- (1) Enter the borrower's name.
- (2) Enter the borrower's case number, consisting of the state and county code and the borrower's identification number.
- (3) Enter the effective date of the loans being set aside from Exhibit F of FmHA Instruction 1951-A. This should agree with the effective date on the Form FmHA 1951-6 (Block 9).
- (4) Enter the total amount debt being set aside. The amount cannot exceed \$200,000 or 25%, whichever is less, of the borrower's insured farm loan indebtedness to FmHA on the effective date of the set-aside. This amount should agree with the amount on the Form FmHA 1951-6.
- (5) Enter the fund code(s) of the loan(s) being set aside.
- (6) Enter the loan number(s) of the loan(s) being set aside.
- (7) Enter the amount of the loan being partially set aside. *Only one loan will be partially set-aside. It can be either a Farmer Program real estate or operating loan.*

- (8) For Farmer Program partially set-aside real estate loans *during* debt set-aside period:

Enter the amount, year, and a type 1 code for the first installment. This installment will be interest accrued through the next January 1st.

Enter the amount, year, and a type 1 code for the installments due during the remaining debt set-aside period. These installments will be the regular amortized installments.

For Farmer Program partially set-aside operating loans *during* debt set-aside period:

Enter the amount, year, and a type 1 code for the first installment. This installment will be interest accrued through the next January 1st.

Enter the amount, year, and type 1 code for all the scheduled unequal and/or amortized installments in sequential order due during the remaining debt set-aside period.

*NOTE: Round all installments with cents to the next dollar and enter in the columns from left to right.*

- (9) For Farmer Program partially set-aside real estate loans *after* debt set-aside period:

Enter the amount, year, and a type 1 code for the first installment. This installment will be the total of the regular amortized amount due on the portion of the loan not set-aside, interest only through January 1st due on the portion of the loan set-aside.

Enter the amount, year, and a type 2 code for the second installment. This installment will be the total of the regular amortized amount due on the portion of the loan not set-aside and the regular amortized amount due on the portion of the loan set-aside.

For Farmer Program partially set-aside operating loans *after* debt set-aside period:

Enter the amount, year, and a type 1 code for the first installment in figures. This installment will be the total of the scheduled unequal or amortized amount due on the portion of the loan not set-aside and at a minimum interest only through January 1st due on the portion of the loan set-aside.

Enter the amounts, due date years, and type 1 codes in sequential order for remaining installments, except a type 2 code will be entered on the final scheduled installment. These installments will be the total of the scheduled unequal and/or amortized amounts due on the portion of the loan not set-aside, and the scheduled unequal and/or amortized amounts due on the portion of the loan set-aside.

*NOTE: Round all installments with cents to the next dollar and enter in the columns from left to right.*

- (10) Enter the amount of equal amortized real estate installments which come due following the installments shown in Item (9). If none, enter "0".
- (11) Enter the final year of the loan partially set aside.
- (12) Enter the total number of installments provided in Items (8) and (9) plus 1.
- (13) Enter the date approved by the County Supervisor.
- (14) Signature of the County Supervisor.





## FORMS MANUAL INSERT

FORM FmHA 1951-14A

USDA-FmHA  
Form FmHA 1951-14A  
(1-85)FULL DEBT SET-ASIDE  
INSTALLMENT INFORMATION

Borrower Name (1)											
(2) ST CO Borrower ID											
(3) Fund Code				(4) Loan No.				(5) Amount of Loan			
Installments		Date		Type		Installments		Date		Type	
(6)		01-01-						01-01-			
		01-01-						01-01-			
		01-01-						01-01-			
		01-01-						01-01-			
		01-01-						01-01-			
(7) AND THEREAFTER ON JANUARY 1ST OF EACH YEAR UNTIL THE PRINCIPAL AND INTEREST ARE FULLY PAID.											
(8) Final Year of Loan						(9) Total Number of Installments					

  

Borrower Name (1)											
(2) ST CO Borrower ID											
(3) Fund Code				(4) Loan No.				(5) Amount of Loan			
Installments		Date		Type		Installments		Date		Type	
(6)		01-01-						01-01-			
		01-01-						01-01-			
		01-01-						01-01-			
		01-01-						01-01-			
		01-01-						01-01-			
(7) AND THEREAFTER ON JANUARY 1ST OF EACH YEAR UNTIL THE PRINCIPAL AND INTEREST ARE FULLY PAID.											
(8) Final Year of Loan						(9) Total Number of Installments					

  

Borrower Name (1)											
(2) ST CO Borrower ID											
(3) Fund Code				(4) Loan No.				(5) Amount of Loan			
Installments		Date		Type		Installments		Date		Type	
(6)		01-01-						01-01-			
		01-01-						01-01-			
		01-01-						01-01-			
		01-01-						01-01-			
		01-01-						01-01-			
(7) AND THEREAFTER ON JANUARY 1ST OF EACH YEAR UNTIL THE PRINCIPAL AND INTEREST ARE FULLY PAID.											
(8) Final Year of Loan						(9) Total Number of Installments					
DATE (10)						COUNTY SUPERVISOR (11)					

PROCEDURE FOR PREPARATION

: FmHA Instructions 1951-A, 1951-G, 1955-A, and 1962-A.

PREPARED BY

: County Supervisor, District Director, or State Director (or designee).

NUMBER OF COPIES

: Original and one copy.

SIGNATURES REQUIRED

: FmHA employee authorized to take the specific servicing action (County Supervisor, District Director, or State Director (or designee)).

DISTRIBUTION OF COPIES

: Original to Finance Office, copy retained by initiating office.

## INSTRUCTIONS FOR PREPARATION

- (1) Enter the borrower's name.
- (2) Enter the borrower's case number, consisting of the state and county code and the borrower's identification number.
- (3) Enter the fund code of the loan being fully set aside.
- (4) Enter the loan number of the loan being fully set aside.
- (5) Enter the total amount of the loan being fully set aside, as shown on Form FmHA 1951-14, "Debt Set-Aside."
- (6) For Farmer Program fully set-aside real estate loans after debt set-aside period:  
Enter the amount, year, and a type 1 code for the first installment. This installment will be the interest due through January 1st.  
Enter the amount, year, and a type 2 code for the regular amortized installment. This installment will be the regular amortized amount due on the loan set-aside.  
  
For Farmer Program fully set-aside operating loans after debt set-aside period:  
Enter all scheduled unequal and/or amortized amounts, due date years, and type 1 codes in sequential order, except a type 2 code will be entered on the final scheduled installment. The first installment will include , at a minimum, any interest due through January 1st.  
  
*NOTE: Round all installments with cents to the next dollar and enter in the columns from left to right.*
- (7) Enter the amount of the equal amortized real estate installments which become due following the installments shown in Item (6). If non enter 0.
- (8) Enter the final year of the loan.
- (9) Enter the total number of installments provided in Item (6) plus 1.
- (10) Enter the date of approval by the County Supervisor.
- (11) Signature of the County Supervisor.